



House of Representatives

File No. 609

General Assembly

January Session, 2009

(Reprint of File No. 15)

Substitute House Bill No. 5669
As Amended by House
Amendment Schedule "A"

Approved by the Legislative Commissioner
April 9, 2009

AN ACT CONCERNING EMPLOYER HEALTH INSURANCE PREMIUM PAYMENTS FOR TERMINATED EMPLOYEES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2009*) (a) In the event (1) an
2 employer, as defined in section 31-58 of the general statutes, terminates
3 an employee for any reason other than layoff, or (2) an employee
4 voluntarily terminates employment with an employer, such employer
5 may elect not to pay the premium for such employee and any such
6 employee's dependents under a group health insurance policy after the
7 date of such employee's termination. In the event such employer
8 makes such election, any insurer, health care center, hospital or
9 medical service corporation or fraternal benefit society that issues such
10 group health insurance policy shall credit such employer the amount
11 of any premium paid by such employer with respect to such policy for
12 such employee and such employee's dependents attributable to the
13 period after the date of such employee's termination, provided the
14 employer notifies the insurer, health care center, hospital or medical
15 service corporation or fraternal benefit society that issued such policy

16 and the terminated employee not later than seventy-two hours after
17 the termination. Upon the issuance or renewal of such policy, such
18 insurer, health care center, hospital or medical service corporation or
19 fraternal benefit society shall provide such employer with relevant
20 information related to such employer's election, including a notice that
21 it is the employer's responsibility to remit to the terminated employee
22 such employee's portion of the credited premium. Any such credit
23 shall be applied to the employer's next month's premium. In the event
24 of nonrenewal of such policy, the insurer, health care center, hospital
25 or medical service corporation or fraternal benefit society shall refund
26 such credit to the employer.

27 (b) Notwithstanding the provisions of subsection (a) of this section,
28 (1) any contractual agreement entered into through collective
29 bargaining that requires the employer to pay the premium for an
30 employee under a group health insurance policy after the date of such
31 employee's termination shall supersede the provisions of subsection (a)
32 of this section, and (2) no credit shall be available to an employer for
33 any employee's and employee's dependents' coverage for the seventy-
34 two hours immediately following the termination of such employee.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2009	New section

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

This bill does not result in a fiscal impact to the Insurance Department. It allows employers, under certain conditions, to elect not to pay group health insurance premiums for an employee and her/his dependents as of 72 hours after a worker quits or is terminated.

House "A" makes technical changes to the underlying bill and does not result in a fiscal impact.

The Out Years

None

OLR Bill Analysis**sHB 5669 (as amended by House "A")******AN ACT CONCERNING EMPLOYER HEALTH INSURANCE
PREMIUM PAYMENTS FOR TERMINATED EMPLOYEES.*****SUMMARY:**

This bill permits an employer to stop paying group health insurance premiums related to an employee and his or her dependents 72 hours after the employee quits or is terminated, if it makes an election that satisfies the bill's provisions.

It outlines related requirements and conditions for the (1) employer and (2) applicable insurer, HMO, hospital or medical service corporation, or fraternal benefit society to which the employer paid premiums for the insurance.

The bill does not apply if (1) an employee is laid off or (2) a collective bargaining agreement requires that an employer pay an employee's insurance premiums after his or her termination.

EFFECTIVE DATE: October 1, 2009

*House Amendment "A" makes it clear that the employer notification requirement applies to whatever entity that provided the group health insurance coverage rather than just to an insurer.

REQUIREMENTS AND CONDITIONS***Employer***

An employer making a permissible election must notify the affected insurer, HMO, hospital or medical service corporation, or fraternal benefit society, and the employee within 72 hours of the employee's termination.

The bill requires an employer to reimburse the affected employee his or her portion, if any, of premiums that the insurance carrier credits or refunds to the employer.

Insurance Carrier

An insurer, HMO, hospital or medical service corporation, or fraternal benefit society must:

1. when a policy is issued or renewed, give an employer information about the election, including a notice that it is the employer's responsibility to return to an affected employee his or her portion of credited premiums;
2. credit prepaid premiums to an employer that (a) makes a permissible election and (b) notifies the employee and insurer within 72 hours of the employee's termination; and
3. apply the credit to the employer's next monthly premium bill or, if the policy is not renewed, issue the employer a refund.

Amount of Credit or Refund

Under the bill, the premium credit or refund equals the amount of premium previously paid that is attributable to insuring the employee and his or her dependents for a period after the employee's termination date. But, the bill specifies that no credit will be made for the first 72 hours following the employee's termination (which is the time period in which the employer must give notice of its election to the employee and insurer).

EMPLOYER DEFINED

Under the bill, "employer" means any owner, person, partnership, corporation, limited liability company, or association acting as or on behalf of an employer, or in an employer's interest in relation to employees, including the state and any state political subdivision.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 19 Nay 0 (02/10/2009)